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SUBJECT: SCENESSETTER FOR FOREIGN MINISTER FRATTINI'S VISIT  
TO WASHINGTON

Classified By: DCM Elizabeth L. Dibble, reasons 1.4 (b) and (d)

¶1. (C) Foreign Minister Frattini's visit to Washington is an opportunity to reinforce Italy's commitment to Afghanistan, and stress the need for close coordination on Iran: you will want to thank Italy for its early announcement of additional troop contributions for Afghanistan, and deliver a firm message regarding Italian cooperation on Iran sanctions. The Berlusconi government aims to use this visit to highlight close US-Italian consultation on key issues, and to demonstrate that it is one of the allies that "matter." This is crucial to a government still somewhat uncertain of its stature with the Obama administration.

¶2. (C) Frattini's tenure as Foreign Minister has been characterized by a desire for closeness with the US and support for the priorities of PM Berlusconi, with a focus on human rights at time conflicting and competing with a policy of "commercial diplomacy" and a hard line on immigration issues. Frattini hews closely to Berlusconi's support for Israel in the context of the Middle East Peace Process, and the GOI has stood with the US in opposing referral of the Goldstone Report to the UNSC or the ICC, and in advocating for more helpful EU statements more broadly. Frattini has also pushed Turkish accession to the European Union.

¶3. (C) Frattini last visited Washington in May, 2009.

#### Domestic Context

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¶4. (C) Frattini visits Washington at a time of flux in Italian politics. Although Prime Minister Berlusconi remains personally popular, and his government enjoys a wide margin in Parliament, some of Berlusconi's erstwhile allies have begun to criticize him openly or look beyond him as they maneuver to secure their own political futures. Berlusconi faces no credible opponent within the center right or in the opposition, but his allies and confidantes tell us that he is increasingly irritated by ongoing personal and legal issues, as well as by political attacks by former allies, first and foremost President of the Chamber of Deputies Gianfranco Fini. (See Ref Rome 01381)

¶5. (C) A former judge and a technocrat by nature, Frattini is a strong Berlusconi loyalist--consistently espousing and defending the PM's positions, unlike other cabinet ministers, even on issues wholly unrelated to foreign policy. He enjoys a strong international reputation, as well as a good measure of respect from the opposition left. Although he does not command a political base, Frattini's political survival is probably no longer dependent on Berlusconi, given the the good opinion in which the Italian public and political class hold him. Amidst the at-times vicious maneuvering and political backstabbing in Rome this fall, Frattini has managed to remain above the fray.

¶16. (C) Frattini has consistently pushed within GOI circles to respond positively to U.S. requests for more support in Afghanistan, Pakistan and Lebanon, and has played a critical role within the GOI in pushing for robust continued Italian participation in military missions abroad, particularly ISAF and UNIFIL. He was key to the GOI decision to announce Italy's 1,000 troop contribution to ISAF well ahead of the NATO Foreign Ministerial and President Obama's December 1 speech, a risky political move designed to demonstrate Italy's credentials as a staunch U.S. ally, and to ensure domestic political support for the measure. Italian troop levels will increase to an average of 3,700 in summer 2010, with an overall ceiling of 4,000. Italy previously pledged 200 Carabinieri police trainers to Afghanistan, 60 of which are on the ground now; the remainder should deploy in the coming months.

¶17. (C) Despite substantial domestic budgetary and political pressure to halve the 2,300-strong Italian troop contingent in Lebanon when Italy hands the UNIFIL command to Spain in February 2010, Frattini actively supported our request to keep Italian troop levels high, so that Italy will likely retain around 2,000 troops there. Frattini has also protected Italy's modest development aid contributions to Afghanistan and Pakistan from budget cuts that have gutted other Italian aid programs: Italy contributes about Euro 50 million to Afghanistan per year and has approved over Euro 60 million in aid to Pakistan in 2009. Some of that aid is

ROME 00000049 002 OF 004

being held up by the Zardari government's failure to sign an MOU with Italy governing disbursement.

Iran: Italy needs to be fully on board  
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¶18. (C) On sanctions, throughout all levels of the policy-making apparatus, GOI officials have professed strong allegiance to President Obama's two-track approach; since PM Berlusconi's meeting with President Obama in June, GOI officials have insisted that the word has been passed clearly to Italian companies that no new projects should be initiated in Iran. As recently as December 30, Undersecretary Gianni Letta, PM Berlusconi's right-hand man, assured Amb. Thorne he would personally press Eni CEO Scaroni to halt any ongoing activities. On January 12, FM Frattini published an editorial in which he wrote that if UNSC sanction don't work "we must be ready to consider sanctions adopted by a more restricted group of countries, the so-called 'like-minded' group. . ." Though Italy is among Iran's main economic partners, he continued, "we believe that physical security and responsibility to our allies and to the entire world come before other considerations," and "our firms with interests in Iran have shown a great sense of responsibility."

¶19. (C) Yet while the GOI claims that it has been successful in applying "moral suasion" to Italian companies, these efforts have at times appeared to be half-hearted, and the results are certainly uneven. Major Italian energy firms Eni and Edison have only offered to hold off new expansion plans in Iran temporarily. Eni has repeatedly told U.S. officials that it will not undertake "new" projects while in fact it is expanding oil production operations in Iran under existing (i.e., "not new") contracts. It would be helpful to reiterate to Minister Frattini our strong concerns about the continuation of business as usual in Iran by Italian companies, and in particular the expansion of any activity by Italian energy companies, notably Eni.

¶10. (C/NF) The GOI often claims that Italy has a major

economic relationship with Iran which makes the economic pain of sanctions difficult to bear for Italian companies. In reality, Iran ranks 24th among Italy's trading partners, representing a mere 0.5 percent of its total exports; even Italian energy imports from Iran are relatively low and fungible (about 5 percent of total oil imports). While we see Iran as not particularly significant in economic terms for Italy, the reverse is not true, however. In 2007, Italy was Iran's fifth largest export destination, and Iran's sixth largest import source -- Italy supplied Iran with about 4 percent of its imports, and purchased approximately 5.7 percent of Iranian exports. Thus any vulnerability on the restriction of trade appears to be more on the Iranian side; the fear of undertaking measures that really bite in Iran likely stems more from Italian fear of political retaliation by Iran against future commercial opportunities, than of a substantial economic price to be borne by Italian companies now.

¶11. (C) The Italians are neuralgic on the issue of the P5 1, a grouping they feel cuts them out of the decision-making process on issues of direct import to their commercial opportunities, and they have advocated for a "like-minded" states mechanism in order to have a seat of some kind at the table. Italian officials reacted with alarm to word of possible inclusion of Eni and Irasco on the Iran Sanctions Act list, with MFA Secretary General Massolo telling A/S Gordon in November that Eni would "do anything" to avoid inclusion. Frattini has been an outspoken advocate for human rights in Iran in the aftermath of the June elections, and has repeatedly criticized the regime for its harsh measures against demonstrators and opposition activists.

Russia  
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¶12. (C) PM Berlusconi's close personal ties with Vladimir Putin and the very strong corporate ties between Italian energy parastatal Eni and Russia's Gazprom often put Italy at odds with U.S. and EU energy security efforts. Italy's energy policy too often reflects Russian, rather than European, priorities. For example, the GOI is ambivalent about supporting the EU's Nabucco Caspian pipeline, while Eni is poised to help Gazprom construct Black Sea and Baltic Sea pipelines that will only deepen EU dependence on Russia. Eni often appears to dictate GOI energy policy and uses its influence to hinder EU energy market liberalization plans.

ROME 00000049 003 OF 004

However, Italy is taking some steps in the right direction by supporting energy projects that will diversify its own energy sources.

¶13. (C/NF) It would be helpful to remind Minister Frattini of long-standing USG concerns about European dependence on Russia or any other single energy supplier, emphasizing that Italian help in increasing the flow of Russian gas around Ukraine is not the same as a policy of seeking diversity of energy sources, routes and technologies.

¶14. (C) Ever loyal, FM Frattini has been a vocal supporter of strengthening political and security ties with Russia and has also publicly defended PM Berlusconi's friendship with PM Putin from media criticism, such as when Berlusconi abruptly left Rome during Jordan's King Abdullah recent state visit for a "private visit" to Russia to celebrate Putin's birthday at the latter's dacha.

¶15. (C) We understand that the GOI has not yet begun to assess the draft Russia EU security treaty in detail. FM Frattini has been careful in his public remarks, however, to underline that any new treaty cannot supplant existing NATO and OSCE structures. Frattini and Russian FM Lavrov recently published a joint editorial in centrist influential daily La

Stampa calling for "a new world order" based on interdependence and cooperation between the EU and Russia, as well as reinforced and expanded U.S.-EU-Russia relations within the framework of existing organizations and agreements. In the context of the December 3 Italy-Russia Summit in Rome, Frattini noted it was a mistake to say Russian-Italian or Russian-EU relations were based chiefly on energy interests, and stressed that Russia is an indispensable partner for European stability and security. Frattini also lauded President Obama's "reset" of U.S.-Russian relations as a window of opportunity which Italy strongly supports.

#### Belarus

¶16. (C) Amid questioning over the appropriateness of Berlusconi's November visit to Belarus, Frattini characterized it as a "visit by a head of government that blazed the trail for the others." Frattini's consistently positive statements on Belarus contrast with his EU colleagues, (and the U.S.,) deep concerns about President Lukashenko's suppression of political opposition and other human rights abuses. In September 2009, Frattini was the first European government minister to visit Belarus since ¶1994. His advisors noted to us at the time that he was undertaking the trip in the context of and in line with the EU's evolving policy toward Belarus. During the trip, Frattini underscored Italy's great interest in strong economic relations with Belarus and hinted at deals major Italian concerns would be closing with Belarus. Frattini also advocated that Belarus move closer to European institutions and came out in favor of lifting the EU visa freeze (suspended, although not terminated, since 2008) for senior Belarusian officials, including Lukashenko. (In November, the EU recommended to extend the sanctions and their suspension.)

#### Italian Nuclear Energy Project

¶17. (C/NF) The GOI is pursuing plans to build up to ten nuclear power plants in Italy. Heavy French lobbying led to a political deal for an Italian electricity parastatal ENEL joint venture with France's EDF to build four nuclear plants with French technology. The lack of a fair and open bidding process for this deal and continuing French lobbying has placed U.S.-based companies at a disadvantage in entering the Italian nuclear energy market. A word to Minister Frattini that we expect U.S. companies to be given a level-playing field to compete is critical if they are to have a fair chance to bid for Italian nuclear energy projects.

#### Yemen

¶18. (C) Following the foiled Christmas attack in Detroit and the closure of the U.S. and UK Embassies in Sana'a, Frattini forcefully called for EU coordination (based on the anti-terrorism strategy adopted by the EU in 2005) in combating terrorism and encouraged the EU High Representative for Foreign Affairs and Security Policy Catherine Ashton to move Yemen to the front of the EU foreign policy agenda for

ROME 00000049 004 OF 004

its January meeting.

¶19. (C) Frattini strongly supports tight collaboration with the U.S. and all democratic countries in combating terrorism and its causes. Frattini also believes stronger coordination with Arab countries is absolutely necessary and that while Europe has a role, Arab leaders must be in the forefront in fighting terrorism. Frattini recently commented in the press

that Saudi FM al-Faisal and Arab League SecGen Amre Moussa share his view that in combatting terrorism, a strong focus must be placed on preventing terrorist groups from forming in the first place. In the case of Yemen, he said, this means advancing national reconciliation, involving the ROYG in anti-terrorism efforts and providing increased anti-terrorism support.

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